

Message Text

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PAGE 01 AMMAN 01817 01 OF 02 181509Z

47

ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01 CEA-01 L-02

SAM-01 PA-01 PRS-01 USIA-06 DODE-00 FEAE-00 AGR-05

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P 181400Z MAR 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC PRIORITY 4117

INFO AMCONSUL JERUSALEM PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 2 AMMAN 1817

AMCONSUL JERUSALEM FOR SECRETARY'S PARTY

AID FOR ADMINISTRATOR PARKER, PASS OPIC FOR PRESIDENT
MAYS

DEPARTMENT FOR UNDERSECRETARY ROBINSON

E.O. 11652: N/A

TAGS: EAID, ECON, JO, US

SUBJECT: U.S.-JORDANIAN JOINT COMMISSION-WORKING GROUP ON
TRADE AND INVESTMENT

REFS: (A) AMMAN 1437 (B) AMMAN 0816

1. SUMMARY: THIS MESSAGE OUTLINES EMBASSY SUGGESTIONS
FOR PROGRAM OF TEMPORARY JOINT U.S.-JORDANIAN WORKING
GROUP ON TRADE AND INVESTMENT, WHOSE ESTABLISHMENT WAS
AGREED TO DURING U.S.-JORDANIAN JOINT COMMISSION MEETING
DURING AID ADMINISTRATOR PARKER'S VISIT TO JORDAN IN
JANUARY. AIM OF WORKING GROUP IS SYSTEMATIC REVIEW
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PAGE 02 AMMAN 01817 01 OF 02 181509Z

OF PROBLEMS AND POTENTIAL IN TRADE AND INVESTMENT AREA,

BUILDING UPON USEFUL RECENT VISITS IN FEBRUARY BY UNDERSECRETARY ROBINSON AND OPIC TRIANGULAR INVESTMENT MISSION. WE SEE ACTIVITIES OF WORKING GROUP AS BEING TO: A) REVIEW OVERALL CLIMATE FOR PRIVATE FOREIGN INVESTMENT, INCLUDING INVESTMENT LOANS; B) CONSIDER DEVICES TO FACILITATE U.S. TRADE AND INVESTMENT; C) DEVELOP INSIGHT INTO AND INNOVATIVE APPROACHES TOWARDS POSSIBLE RELATIONSHIPS IN TRADE AND INVESTMENT; D) OUTLINE WHAT USG CAN AND CANNOT DO TO STIMULATE US TRADE AND INVESTMENT; E) INVESTIGATE POSSIBLE U.S.-GOJ AND PRIVATE SECTOR FOLLOW-ON MECHANISMS. WE SEE TWO OR THREE MAN US WORKING GROUP MEETING LIKE NUMBER OF JORDANIAN COUNTER-PARTS IN AMMAN FOR 3-4 WEEK PERIOD IN APRIL-MAY. END SUMMARY.

2. WASHINGTON AGENCIES WILL RECALL THAT PRIOR TO THE FIRST MEETING OF THE U.S.-JORDANIAN ECONOMIC JOINT COMMISSION IN JANUARY IT WAS DECIDED THAT US WOULD PROPOSE CREATION OF TEMPORARY JOINT U.S.-JORDANIAN WORKING GROUP TO STUDY AND PROPOSE PROPER ROLE FOR JOINT COMMISSION IN AREA OF TRADE AND INVESTMENT. THIS APPROACH WAS TAKEN IN PART AS MEANS OF HEADING OFF PREMATURE DISCUSSION OF SUBJECT IN JOINT COMMISSION MEETING, BUT MORE IMPORTANTLY IT REPRESENTED AN ATTEMPT TO ESTABLISH MECHANISM FOR SYSTEMATIC REVIEW OF PROBLEMS AND POTENTIAL IN TRADE AND INVESTMENT AREA. JORDANIANS CONCURRED IN CREATION OF WORKING GROUP BUT THERE WAS NO DISCUSSION IN JOINT COMMISSION MEETING OF ITS COMPOSITION OR HOW IT SHOULD APPROACH ITS WORK. IT WAS AGREED, HOWEVER, THAT SINCE AN OPIC TRADE/INVESTMENT MISSION WAS SCHEDULED TO COME TO JORDAN IN LATE FEBRUARY IT WOULD BE SENSIBLE TO POSTPONE ACTION ON SETTING UP WORKING GROUP UNTIL AFTER VISIT OF OPIC MISSION IN ORDER TO BENEFIT FROM THEIR ASSESSMENT OF JORDANIAN SITUATION.

3. OPIC MISSION CAME AS SCHEDULED AND DURING COURSE OF THEIR VISIT, PROVIDED US WITH USEFUL COMMENTS ON TRADE AND INVESTMENT AREA (AMMAN 1437).

A. OPIC MISSION WAS FAVORABLY IMPRESSED BY ATTRACTIVENESS LIMITED OFFICIAL USE

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PAGE 03 AMMAN 01817 01 OF 02 181509Z

AND ABILITIES OF JORDANIAN PEOPLE, QUALITY OF JORDANIAN LABOR, JORDAN'S GOOD CLIMATE AND INFRASTRUCTURE, RELATIVE WIDESPREAD KNOWLEDGE OF ENGLISH AND LACK OF RED TAPE, AND BY PERSONALITY AND EXCELLENT REPUTATION IN U.S. OF KING HUSSEIN. WHILE MISSION MENTIONED SIGNIFICANT DISADVANTAGES IN JORDANIAN INVESTMENT SITUATION (E.G. NARROWNESS OF JORDANIAN MARKET, ARAB-ISRAELI PROBLEM AND RELATIVELY MODEST INVESTMENT AND TRADE

POTENTIAL AS COMPARED WITH EGYPT AND OIL-RICH STATES), THERE WAS GENERAL IMPRESSION THAT JORDAN CAN MORE EFFECTIVELY ATTRACT AMERICAN (AND OIL-RICH ARAB) INVESTMENT THAN IS PRESENTLY THE CASE.

B. OPIC MISSION SUGGESTED SEVERAL WAYS IN WHICH JORDAN CAN IMPROVE ITS ATTRACTIVENESS TO POTENTIAL U.S. INVESTORS. MAJOR POINTS WERE THAT JORDAN SHOULD A) INTENSIFY EFFORTS TO ORDER ECONOMIC PRIORITIES AND TO FOCUS ON SMALL NUMBER OF SPECIFIC PROJECT AREAS FOR WHICH IT WOULD THEN AGGRESSIVELY SEEK TO ATTRACT FOREIGN INVESTMENT; B) SEEK WAYS OF EXPANDING JORDANIAN ACCESS TO A LARGER REGIONAL MARKET; C) DEVELOP AN EFFECTIVE INSTRUMENT IN THE U.S. FOR PUBLICIZING NEWS OF JORDANIAN INVESTMENT OPPORTUNITIES AND JORDAN'S INVESTMENT LAW TO AMERICAN FIRMS; D) WITHIN ARAB REGIONAL CONTEXT JORDAN SHOULD NARROW ITS OBJECTIVES AND DECIDE WHAT ROLE IT WISHES TO PLAY (E.G. HEADQUARTERS CITY, MANPOWER TRAINING CENTER, INDUSTRIAL INTERFACE WITH CERTAIN INDUSTRIAL OPERATIONS ON PENINSULA); AND, E) DEVELOP A BETTER AWARENESS IN JORDAN OF REQUIREMENTS AND LIMITATIONS ON POTENTIAL AMERICAN INVESTORS IN JORDAN AND ATTEMPT WHERE POSSIBLE TO DEVELOP APPROPRIATE RESPONSE.

4. UNDERSECRETARY ROBINSON ALSO VISITED JORDAN IN CONJUNCTION WITH SECRETARY'S TRIP IN FEBRUARY AND HE REVIEWED STATUS OF JOINT COMMISSION'S INVOLVEMENT IN PRIVATE SECTOR. WE WOULD NOW LIKE TO DISCUSS WITH JORDANIANS HOW WE SHOULD PROCEED, BUT BEFORE DOING SO WOULD LIKE TO MAKE CERTAIN THERE IS GENERAL AGREEMENT AMONG INTERESTED PARTIES AMONG WASHINGTON AGENCIES ON THE APPROACH WE PROPOSE TO TAKE.

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PAGE 04 AMMAN 01817 01 OF 02 181509Z

TM WHILE WE DO NOT HAVE STRONG FEELINGS ON HOW LARGE WORKING GROUP SHOULD BE, WE ARE INCLINED TO FEEL THAT IF IT INDEED IS TO BE "WORKING" GROUP, WE SHOULD KEEP NUMBERS AS SMALL AS POSSIBLE. WE SUGGEST TWO OR POSSIBLY THREE MEMBERS ON US SIDE WITH SIMILAR NUMBER OF JORDANIANS. US PARTICIPANTS WOULD BE PROVIDED FROM AMONG APPROPRIATE AGENCIES IN WASHINGTON, E.G. DEPARTMENT, OPIC, COMMERCE, AND WE MIGHT SECURE SOMEONE THROUGH OPIC OR AID FROM PRIVATE SECTOR. THE POINT HERE WOULD BE TO OBTAIN PERSONS WHO HAVE THE KNOWLEDGE AND EXPERIENCE NEEDED TO ASSESS JORDANIAN SITUATION IN DOMESTIC AND ARAB REGIONAL CONTEXT, IDENTIFY AREAS FOR FURTHER STUDY AND RECOMMEND APPROPRIATE ACTIONS FOR JOINT COMMISSION. IN LINE WITH OUR VIEW THAT JOINT COMMISSION IS ESSENTIALLY EXTENSION OF OUR CONTINU-

ING BILATERAL RELATIONSHIP, OUR INTENT WOULD BE TO
USE WORKING GROUP AS DEVICE TO HELP US FORMULATE
POLICIES AND/OR PROGRAMS THROUGH WHICH USG CAN BE HELPFUL IN
STIMULATING US INVESTMENT AND TRADE. ON JORDANIAN SIDE
WE WOULD SUGGEST THAT WORKING GROUP MEMBERSHIP MIGHT
INCLUDE ONE PERSON FROM CROWN PRINCE'S STAFF, ONE
PERSON FROM NATIONAL PLANNING COUNCIL AND/OR MINISTRY OF NATIONAL
ECONOMY, OR OTHER GOJ AGENCY, AND ONE PERSON FROM PRIVATE SECTOR.
US PARTICIPANTS WOULD BE SUPPLEMENTED BY AT LEAST
PART-TIME SUPPORT OF EMBASSY/USAID OFFICER.

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PAGE 01 AMMAN 01817 02 OF 02 181526Z

47

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P 181400Z MAR 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC PRIORITY 4118

INFO AMCONSUL JERUSALEM PRIORITY

LIMITED OFFICIAL USE SECTION 2 OF 2 AMMAN 1817

AMCONSUL JERUSALEM FOR SECRETARY'S PARTY

AID FOR ADMINISTRATOR PARKER, PASS OPIC FOR PRESIDENT
MAYS

DEPARTMENT FOR UNDERSECRETARY ROBINSON

6. WE SEE ACTIVITIES OF WORKING GROUP INCLUDING,
BUT NOT NECESSARILY BEING LIMITED TO, FOLLOWING
SUBJECTS:

A. INITIALLY WE WOULD PROPOSE THAT WORKING GROUP MAKE GENERAL REVIEW OF OVERALL CLIMATE FOR PRIVATE FOREIGN INVESTMENT IN JORDAN WITH PARTICULAR REFERENCE TO US INVESTMENT. THIS WOULD NOT BE DETAILED EXAMINATION, BUT WOULD SIMPLY BE ATTEMPT TO IDENTIFY ANY OBVIOUS IMPEDIMENTS TO INVESTMENT OR PROBLEMS WHICH WARRANTED CLOSER EXAMINATION OF DISCUSSION BY JOINT COMMISSION. HOWEVER, WE WOULD HOPE WORKING GROUP COULD MAKE LIMITED OFFICIAL USE

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PAGE 02 AMMAN 01817 02 OF 02 181526Z

GENERAL REVIEW OF GOJ INVESTMENT LAWS AND THEIR APPLICATION TO SEE IF THERE ARE ANY EVIDENT GAPS IN THEIR COVERAGE OR THE INCENTIVES THEY OFFER.

B. WORKING GROUP WOULD CONSIDER VARIOUS DEVICES WHICH MIGHT BE EMPLOYED TO FACILITATE US TRADE WITH AND INVESTMENT IN JORDAN. IN THIS CONTEXT WE WOULD EXPECT REVIEW OF "CROWN AGENT" CONCEPT WHICH CROWN PRINCE HASSAN HAS PROPOSED--BUT NEVER DEFINED-- FROM TIME TO TIME. WE WOULD ALSO PROPOSE CONSIDERATION OF JORDANIAN-US CHAMBER OF COMMERCE AS ONE VEHICLE FOR FACILITATING COMMUNICATION BETWEEN THE PRIVATE SECTORS OF THE TWO COUNTRIES. THE OPIC MISSION ALSO SUGGESTED GOJ CONSIDER EMPLOYING US PUBLIC RELATIONS FIRM TO PROMOTE JORDAN'S POTENTIAL IN US (E.G. THROUGH BUSINESS SEMINARS IN VARIOUS US CITIES). JORDAN HAS NOW DONE THIS, BUT SCOPE OF THE WORK OF THAT ORGANIZATION AND ITS LIMITATIONS MIGHT BE FAVORABLY REVIEWED.

ANOTHER PROPOSAL MADE BY OPIC MISSION WAS THAT GOJ SHOULD EXAMINE EXPERIENCE OF OTHER COUNTRIES (E.G. MALAYSIA AND SINGAPORE) IN ATTRACTING FOREIGN INVESTMENT (OR POSSIBLY STATE-LEVEL PROGRAMS IN THE U.S.) WORKING GROUP WOULD CONSIDER THIS POSSIBILITY AS WELL.

C. WORKING GROUP WITH REGION-WIDE PERSPECTIVE MIGHT ALSO HELP US AND JORDANIANS DEVELOP GREATER INSIGHT INTO POTENTIAL ROLE OF PENINSULA IN JORDAN AND DEVELOP REALISTIC APPROACH TO THIS RELATIVELY UNEXPLORED AREA HERE. WORKING GROUP COULD AIM AT SOME INNOVATIVE APPROACHES REGARDING TRIANGULAR JORDANIAN-US-ARAB PETRODOLLAR-SURPLUS COUNTRIES RELATIONSHIPS REGARDING COOPERATIVE TRADE AND INVESTMENT OPPORTUNITIES.

D. ROLE OF USG: WE WOULD HOPE TO OUTLINE AREAS WHERE USG, THROUGH TRADITIONAL AND INNOVATIVE MEANS, CAN (AND CANNOT) BE HELPFUL IN STIMULATING US INVESTMENT AND TRADE (E.G. BY OFFERING OPIC INVESTMENT AND CONTRACTOR

GUARANTEES), EXIM LOANS, BY ENCOURAGING AMERICAN BUSINESS PARTICIPATION WHERE APPROPRIATE IN SPECIFIC PROJECTS, (E.G. FOOD PROCESSING AND MINING) AND BY FACILITATING LIMITED OFFICIAL USE

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PAGE 03 AMMAN 01817 02 OF 02 181526Z

IDENTIFICATION OF POSSIBLE MECHANISMS AND OPPORTUNITIES FOR JORDAN VIS-A-VIS POTENTIAL INVESTMENTS FROM OIL-RICH STATES.

E. WORKING GROUP WOULD STUDY POSSIBILITY OF CREATING TRADE AND INVESTMENT SUB-COMMITTEE TO JOINT COMMISSION WHICH WOULD HAVE PRIVATE SECTOR ORIENTATION AND MIGHT BE HEADED BY PRESTIGIOUS PERSON FROM US PRIVATE SECTOR.

F. FINALLY, IN LIGHT OF CONCLUSION REACHED IN ITS STUDIES, WORKING GROUP WOULD FORMULATE PROGRAM OF ACTIVITIES WHICH COULD BE CONSIDERED BY THE TWO GOVERNMENTS AND, AS APPROPRIATE, DISCUSSED BY JOINT COMMISSION. DEPENDING ON CONTENT OF RECOMMENDATIONS, SPECIAL MEETING OF JOINT COMMISSION MIGHT BE CALLED LATER IN YEAR TO CONSIDER PROGRAM PROPOSED BY WORKING GROUP.

7. WE ESTIMATE THAT THE WORKING GROUP COULD COMPLETE ITS ACTIVITIES IN THREE TO FOUR WEEKS (INCLUDING DRAFTING REPORT ON ITS FINDINGS) UNLESS IT WAS DECIDED THAT MORE EXTENSIVE EXAMINATION OF ONE OR ANOTHER AREAS WAS REQUIRED.

8. DURING HIS RECENT VISIT, UNDERSECRETARY ROBINSON EXPRESSED WILLINGNESS TO RETURN TO JORDAN FOR LONGER VISIT HE ALSO EXPRESSED INTEREST IN POTENTIAL FOR US PRIVATE SECTOR INVESTMENT IN JORDAN, PARTICULARLY IN AGRIBUSINESS AND MINERALS AREAS. WE WOULD WELCOME SUCH A VISIT AND SUGGEST POSSIBILITY THAT ACTIVITIES OF WORKING GROUP MIGHT PROVIDE USEFUL FOCUS FOR UNDERSECRETARY'S VISIT. PERHAPS ROBINSON COULD COME AT THE POINT (PERHAPS AS EARLY AS MAY) WORKING GROUP IS FORMULATING ITS CONCLUSIONS AND RECOMMENDATIONS AND REVIEW THEM WITH EMBASSY AND GROUP.

9. WE WOULD WELCOME COMMENTS OF DEPARTMENT, AID, COMMERCE AND OPIC ON THESE PROPOSALS. WE WOULD BE PARTICULARLY INTERESTED IN COMMENTS ON OUR SUGGESTIONS IN PARA 3 REGARDING HOW WE SHOULD CHOOSE US MEMBERS OF WORKING GROUP.

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PAGE 04 AMMAN 01817 02 OF 02 181526Z

QPM ON RECEIPT OF WASHINGTON COMMENTS, WE WILL TAKE THE
MATTER UP WITH JORDANIAN CHAIRMAN OF JOINT COMMISSION
AND CROWN PRINCE TO OBTAIN JORDANIAN VIEWS.
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